



**MINUTES**  
**Special Meeting**  
**Economic Development Authority**  
**December 29, 2020**

**CALL TO ORDER**

The Economic Development Authority meeting was called to order at 5:03 pm.

**Present:** Chair: Jahn Dyvik; Vice Chair: Lori Goodsell; Board: Tim Hultmann, and Charlie Miner

**Staff Present:** City Administrator/Executive Director: Scott Weske; City Attorney: John Thames; and Jason Aarsvold, Ehlers & Associates

**Absent:** Board: Tom Skjaret, Michelle Jerde, and Deirdre Kvale (all with prior notice)

**APPROVE AGENDA**

*A motion was made by Hultmann, seconded by Miner, to approve the agenda. Ayes: all by roll call.*

**BUSINESS ITEMS**

**Consent to Assignment of Purchase Agreement and Authorization to Close on the Sale of the Virginia Avenue Property**

City Attorney Thames recalled that the EDA had approved the Development Agreement for The Borough redevelopment project at its last meeting, and the developer is now looking for approval of the next steps in the process. Those steps are to approve assignment to the proposed development entity, The Borough, LLC; and authorization to move forward with closing on the sale of the property, further authorizing the Mayor and City Administrator to execute any documents necessary. Thames noted that Resolution No. 2020-58 included in the packet includes the details of what he had summarized.

*A motion was made by Goodsell, seconded by Hultmann, to adopt Resolution No. 2020-58, A Resolution Consenting to the Assignment of the Purchase Agreement with Lifestyle Communities, LLC to The Borough, LLC and Authorizing the Mayor and City Administrator to Execute All Documents necessary to facilitate the closing of the sale of PID 34-118-23-24-0078. Ayes: all by roll call.*

**Review Virginia Avenue Redevelopment District Term Sheet**

Thames gave an outline of the preliminary agreement to lay out the framework of the City's understanding of TIF for The Borough project. He explained that a more formal, final agreement will be brought forth in 2021 by Ehlers.

Jason Aarsvold, Ehlers & Associates, reviewed the draft TIF term sheet and explained that the terms are pretty straightforward and the points that it includes are ones that would be included in almost any TIF agreement. He stated that Section 7 is the one that the EDA may want to pay the most attention to regarding the proposed amount of public assistance. He noted that the amount will be around \$973,000 which equates to about 13 years of tax increment. He presented a brief overview of the provisions in the terms sheet.

Board member Goodsell asked for details regarding the “pay as you go” and what would happen if, for example, if it took 15 years rather than 13 years.

Mr. Aarsvold responded that the way it is written they would either get to the dollar amount or the 13<sup>th</sup> year, whichever comes first, and the payments would stop.

Chair Dyvik asked if 13 years was considered long, short, or average for this type of arrangement.

Mr. Aarsvold replied that in his opinion, it is pretty average.

Chair Dyvik asked if his understanding was correct that the City would receive revenue as if the eight houses were remaining for 13 years, and then in the 14<sup>th</sup> year, the City would get a significant spike in revenue.

Mr. Aarsvold affirmed that this was a correct understanding.

Chair Dyvik asked about past discussion of there being a benefit to the City through this type of arrangement and questioned if the City would see a benefit in this case.

Mr. Landhauser indicated that there could be a benefit and noted that they are developing in an area that needs additional capital influx and are also creating an additional parking lot which are direct public benefits. He stated that he anticipates achieving the 13-year time period for payback; that assumes that the developer is only taking 90% of the increment annually that is captured by that district and leaves 10% for the City to use to offset any administrative costs.

Mr. Aarsvold commented that the district itself and the numbers discussed are based on only 46 units of the project because the other 16 units are not going to be in the TIF district as those areas did not qualify for inclusion for a redevelopment district.

Board member Goodsell stated that she thinks the City will capture about 25% of the entire tax revenue based on the other 16 units that will not be part of the TIF district so there is a tax benefit to the City in that way also.

Chair Dyvik asked about the upcoming Mound project that Lifestyle Communities will be working on.

Mr. Landhauser responded that they have not yet finalized all of their due diligence in Mound and noted that the Mound project would also go through pre-sale similar to the Long Lake Zvago Cooperative site which means construction for the Mound project would, at best, begin late next year. He clarified that it would be constructed after The Borough.

Thames stated that the action they are looking for is an indication from the EDA that Lifestyle Communities expending these initial costs is reasonable because both sides are generally on the same page. He confirmed that the preliminary approval requested does not commit to anything, and the new Council and EDA that will take over in 2021 will get a fresh look at this. He added that if there are any red flags to the EDA, now is the time for the EDA to call them out.

Board member Goodsell stated that she thinks the term sheet seems very reasonable.

*A motion was made by Goodsell, seconded by Hultmann, to grant preliminary approval for the terms of the TIF term sheet as submitted by Ehlers & Associates.*

Mr. Aarsvold explained that the district will still need to be created and will have to go through all the necessary steps. He stated that if the appropriate approvals are received, they will begin that process which will require notifications to the County and the school as well as a public hearing. He indicated that the Council also still ultimately needs to take approval action in future as well. He answered general questions from the EDA regarding TIF districts.

*Ayes: all by roll call.*

Mr. Landhauser thanked the EDA for their support and gave updates on the cooperative project, noting that the pre-sales continue to be strong.

**ADJOURN**

*Hearing no objection, Chair Dyvik adjourned the meeting by general consent at 5:38 pm.*

Respectfully submitted,  
Scott Weske, Executive Director